

Effective June 20, 2015.

**RATES OF SALES AND USE TAXES IMPOSED BY
MUNICIPALITIES; AUTHORIZING AN INCREASE OR
DECREASE IN THE RATE OF THOSE TAXES**

CHAPTER 1246

H.B. No. 157

AN ACT

relating to the rates of sales and use taxes imposed by municipalities; authorizing an increase or decrease in the rate of those taxes.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 334.082(d), Local Government Code, is amended to read as follows:

(d) The tax imposed by this subchapter is in addition to a tax imposed under other law, including Chapters 321 and 323, Tax Code, *and is included in computing a combined sales and use tax rate for purposes of the limitation on the maximum combined sales and use tax rate of political subdivisions.*

SECTION 2. Section 334.083(a), Local Government Code, is amended to read as follows:

(a) The rate of a tax adopted *by a county* under this subchapter must be one-eighth, one-fourth, three-eighths, or one-half of one percent. *The rate of the tax adopted by a municipality may be any rate that is an increment of one-eighth of one percent, that the municipality determines is appropriate, and that would not result in a combined rate that exceeds the maximum combined rate prescribed by Section 321.101(f), Tax Code.*

SECTION 3. Section 334.084, Local Government Code, is amended to read as follows:

Sec. 334.084. RATE INCREASE. (a) A municipality ~~[or county]~~ that has adopted a sales and use tax under this subchapter *at any rate, and a county that has adopted a sales and use tax under this subchapter* at a rate of less than one-half of one percent, may by ordinance or order increase the rate of the tax if the increase is approved by a majority of the registered voters of that municipality or county voting at an election called and held for that purpose.

(b) The *county* tax may be increased under Subsection (a) in one or more increments of one-eighth of one percent to a maximum of one-half of one percent. *The municipal tax may be increased under Subsection (a) in one or more increments of one-eighth of one percent to any rate that the municipality determines is appropriate and that would not result in a combined rate that exceeds the maximum combined rate prescribed by Section 321.101(f), Tax Code.*

(c) The ballot for an election to increase the tax shall be printed to permit voting for or against the proposition: "The adoption of a sales and use tax for the purpose of financing _____ (insert description of venue project) at the rate of _____ ~~[of one]~~ percent (insert ~~[one-fourth, three-eighths, or one-half, as]~~ appropriate rate)."

SECTION 4. Section 363.055(a), Local Government Code, is amended to read as follows:

(a) *The proposed rate for the district sales and use tax imposed under Subchapter B, Chapter 321, Tax Code, may be any rate that is an increment of one-eighth of one percent, that the municipality determines is appropriate, and that would not result in a combined rate that exceeds the maximum combined rate prescribed by Section 321.101(f), Tax Code.*

The proposed rate for the district sales and use tax imposed under ~~[Subchapter B, Chapter 321, Tax Code, or]~~ Subchapter B, Chapter 323, Tax Code, may be only:

- (1) one-eighth of one percent;

- (2) one-fourth of one percent;
- (3) three-eighths of one percent; or
- (4) one-half of one percent.

SECTION 5. Section 504.252(b), Local Government Code, is amended to read as follows:

(b) The rate of the tax imposed under Subsection (a) *may be any rate that is an increment of one-eighth of one percent, that the authorizing municipality determines is appropriate, and that would not result in a combined rate that exceeds the maximum combined rate prescribed by Section 504.254(a)* ~~[must be equal to one-eighth, one-fourth, three-eighths, or one-half of one percent]~~.

SECTION 6. Section 504.256, Local Government Code, is amended to read as follows:

Sec. 504.256. BALLOT. In an election to adopt the sales and use tax under this chapter, the ballot shall be printed to provide for voting for or against the proposition: "The adoption of a sales and use tax for the promotion and development of new and expanded business enterprises at the rate of _____ ~~[of one]~~ percent" *(insert [one-eighth, one-fourth, three-eighths, or one-half to be inserted as] appropriate rate)*.

SECTION 7. Section 504.258(c), Local Government Code, is amended to read as follows:

(c) The tax rate may be *reduced or increased to any rate that is an increment of one-eighth of one percent, that the authorizing municipality determines is appropriate, and that would not result in a combined rate that exceeds the maximum combined rate prescribed by Section 504.254(a)*:

~~[(1) reduced in one or more increments of one-eighth of one percent, to a minimum rate of one-eighth of one percent; or~~

~~[(2) increased in one or more increments of one-eighth of one percent, to a maximum rate of one-half of one percent].~~

SECTION 8. Section 504.261(b), Local Government Code, is amended to read as follows:

(b) In an election to impose, reduce, increase, or abolish the tax under this chapter and the additional sales and use tax, the ballot shall be printed to provide for voting for or against the proposition: "The adoption of a sales and use tax within the municipality for the promotion and development of new and expanded business enterprises at the rate of _____ ~~[of one]~~ percent *(insert [one-eighth, one-fourth, three-eighths, or one-half to be inserted as] appropriate rate)* and the adoption of an additional sales and use tax within the municipality at the rate of _____ ~~[of one]~~ percent to be used to reduce the property tax rate" *(insert [one-eighth, one-fourth, three-eighths, or one-half to be inserted as] appropriate rate)*.

SECTION 9. Section 505.252(b), Local Government Code, is amended to read as follows:

(b) The rate of a tax adopted under this chapter *may be any rate that is an increment of one-eighth of one percent, that the authorizing municipality determines is appropriate, and that would not result in a combined rate that exceeds the maximum combined rate prescribed by Section 505.256(a)* ~~[must be equal to one-eighth, one-fourth, three-eighths, or one-half of one percent]~~.

SECTION 10. Section 505.256(a), Local Government Code, is amended to read as follows:

(a) Chapter 321, Tax Code, governs the imposition, computation, administration, collection, and remittance of the sales and use tax, except as inconsistent with this chapter. *An authorizing municipality may not adopt a rate under this chapter that, when added to the rates of all other sales and use taxes imposed by the authorizing municipality and other political subdivisions of this state having territory in the authorizing municipality, would result in a combined rate exceeding two percent at any location in the municipality.*

SECTION 11. Section 505.259, Local Government Code, is amended to read as

follows:

Sec. 505.259. ELECTION REQUIREMENT FOR CERTAIN MUNICIPALITIES. *For a tax under this subchapter at a rate that does not exceed one-half of one percent, the [The] election requirement under Section 505.251 is satisfied and another election is not required if the voters of the authorizing municipality approved the imposition of an additional one-half cent sales and use tax at an election held before March 28, 1991, under an ordinance calling the election that:*

(1) was published in a newspaper of general circulation in the municipality at least 14 days before the date of the election; and

(2) expressly stated that the election was being held in anticipation of the enactment of enabling and implementing legislation without further elections.

SECTION 12. Section 321.101(a), Tax Code, is amended to read as follows:

(a) A municipality may adopt or repeal a sales and use tax authorized by this chapter, other than the additional municipal sales and use tax, *and may reduce or increase the rate of the tax*, at an election in which a majority of the qualified voters of the municipality approve the adoption, *reduction, increase*, or repeal of the tax.

SECTION 13. Section 321.102(a), Tax Code, is amended to read as follows:

(a) A tax imposed under this chapter, *a tax rate increase or decrease adopted under this chapter*, or the repeal of a tax abolished under this chapter takes effect on the first day of the first calendar quarter occurring after the expiration of the first complete calendar quarter occurring after the date on which the comptroller receives a notice of the action as required by Section 321.405(b). This subsection does not apply to the additional municipal sales and use tax.

SECTION 14. Section 321.103, Tax Code, is amended to read as follows:

Sec. 321.103. SALES TAX. (a) In a municipality that has adopted the tax authorized by Section 321.101(a), there is imposed a tax on the receipts from the sale at retail of taxable items within the municipality at *any [the] rate that is an increment of one-eighth of one percent, that the municipality determines is appropriate, that would not result in a combined rate that exceeds the maximum combined rate prescribed by Section 321.101(f), and that is approved by the voters. The tax is imposed [of one percent and]* at the same rate on the receipts from the sale at retail within the municipality of gas and electricity for residential use.

(b) In a municipality that has adopted the additional municipal sales and use tax, the tax is imposed at *any [the] rate that is an increment of one-eighth of one percent, that the municipality determines is appropriate, that would not result in a combined rate that exceeds the maximum combined rate prescribed by Section 321.101(f), and that is approved by the voters. [The rate, when the tax is adopted, must be equal to either one-eighth, one-fourth, three-eighths, or one-half of one percent.]* The rate may be reduced in one or more increments of one-eighth of one percent *[to a minimum of one-eighth of one percent]* or increased in one or more increments of one-eighth of one percent *[to a maximum of one-half of one percent, or the tax may be abolished]*. The rate that the municipality adopts is on the receipts from the sale at retail of all taxable items within the municipality and at the same rate on the receipts from the sale at retail within the municipality of gas and electricity for residential use unless the residential use of gas and electricity is exempted from the tax imposed under Section 321.101(a), in which case the residential use of gas and electricity is exempted under this subsection also.

SECTION 15. Section 321.108(d), Tax Code, is amended to read as follows:

(d) The rate of a tax adopted for a district under this section may be increased *to any rate that is an increment [in increments] of one-eighth of one percent; not to exceed a total tax rate of one-half percent]* for financing the operation of the crime control and prevention district~~;~~ by order of the board of directors of the crime control and prevention district *if the board determines that the rate is appropriate, would not result in a combined rate that exceeds the maximum combined rate prescribed by Section 321.101(f), and is approved by a majority of the voters voting at an election called by the board and*

held in the district on the question of increasing the tax rate. At the election, the ballot shall be printed to provide for voting for or against the following proposition: "The increase of the _____ Crime Control and Prevention District sales and use tax rate to _____ percent." If there is an increase or decrease under this subsection in the rate of a tax imposed under this section, the new rate takes effect on the first day of the next calendar quarter after the expiration of one calendar quarter after the comptroller receives notice of the increase or decrease. However, if the comptroller notifies the president of the board of directors of the district in writing within 10 days after receipt of the notification that the comptroller requires more time to implement reporting and collection procedures, the comptroller may delay implementation of the rate change for another calendar quarter, and the new rate takes effect on the first day of the next calendar quarter following the elapsed quarter.

SECTION 16. Section 321.404, Tax Code, is amended by amending Subsections (a) and (c) and adding Subsection (d) to read as follows:

(a) In an election to adopt the tax, the ballot shall be printed to provide for voting for or against the applicable proposition: "A ~~[one percent]~~ sales and use tax is adopted within the city at the rate of _____ percent" (insert appropriate rate) or "The adoption of an additional sales and use tax within the city at the rate of _____ ~~[of one]~~ percent to be used to reduce the property tax rate" (insert ~~[one-eighth, one-fourth, three-eighths, or one-half to be inserted as]~~ appropriate rate).

(c) In a municipality that does not impose a property tax, the ballot at an election to adopt the additional municipal sales and use tax shall be printed to provide for voting for or against the following proposition: "The adoption of an additional sales and use tax within the city at the rate of _____ ~~[of one]~~ percent" (insert ~~[one-eighth, one-fourth, three-eighths, or one-half to be inserted as]~~ appropriate rate).

(d) In an election to reduce or increase the tax, the ballot shall be printed to provide for voting for or against the proposition: "The adoption of a local sales and use tax in (name of municipality) at the rate of _____ (insert appropriate rate)."

SECTION 17. Section 321.405(a), Tax Code, is amended to read as follows:

(a) Within 10 days after an election in which the voters approve of the adoption, change in rate, or abolition of a tax authorized by this chapter, the governing body of the municipality shall by resolution or ordinance entered in its minutes of proceedings, declare the results of the election. A resolution or ordinance under this section must include statements showing:

- (1) the date of the election;
- (2) the proposition on which the vote was held;
- (3) the total number of votes cast for and against the proposition; and
- (4) the number of votes by which the proposition was approved.

SECTION 18. Section 327.004, Tax Code, is amended to read as follows:

Sec. 327.004. TAX RATE. The tax authorized by this chapter may be imposed at any rate that is an increment of one-eighth of one percent, that the municipality determines is appropriate, and that would not result in a combined rate that exceeds the maximum combined rate prescribed by Section 327.003(b) ~~[the rate of one-eighth of one percent or one-fourth of one percent]~~.

SECTION 19. Section 327.006(b), Tax Code, is amended to read as follows:

(b) At an election to adopt the tax, the ballot shall be prepared to permit voting for or against the proposition: "The adoption of a local sales and use tax in (name of municipality) at the rate of (insert appropriate rate ~~[one-eighth of one percent or one-fourth of one percent]~~) to provide revenue for maintenance and repair of municipal streets."

SECTION 20. Section 327.0065, Tax Code, is amended to read as follows:

Sec. 327.0065. RATE CHANGE. (a) A municipality that has adopted a sales and use tax under this chapter ~~[at a rate of one-fourth of one percent]~~ may by ordinance decrease the rate of the tax in increments of ~~[to]~~ one-eighth of one percent.

(b) A municipality that has adopted a sales and use tax under this chapter [~~at a rate of one-eighth of one percent~~] may by ordinance increase the rate of the tax *to any rate that is an increment of one-eighth of one percent, that the municipality determines is appropriate, and that would not result in a combined rate that exceeds the maximum combined rate prescribed by Section 327.003(b) [to one-fourth of one percent]* if the increase is authorized at an election held in the municipality.

(c) The ballot for an election to increase the tax shall be printed to permit voting for or against the proposition: "The adoption of a local sales and use tax in (name of municipality) at the rate of (*insert appropriate rate*) [~~one-fourth of one percent~~] to provide revenue for maintenance and repair of municipal streets."

SECTION 21. The changes in law made by this Act to Sections 334.084(c), 504.256, and 504.261(b), Local Government Code, and Sections 321.404, 327.006(b), and 327.0065(c), Tax Code, apply only to ballot language for an election ordered on or after the effective date of this Act. Ballot language for an election ordered before the effective date of this Act is governed by the law in effect when the election was ordered.

SECTION 22. This Act takes effect September 1, 2015.

Passed by the House on April 9, 2015: Yeas 141, Nays 2, 2 present, not voting; passed by the Senate on May 20, 2015: Yeas 26, Nays 4.

Approved June 20, 2015.

Effective September 1, 2015.

POWERS OF PRIVATE TOLL PROJECT ENTITIES

CHAPTER 1247

H.B. No. 565

AN ACT

relating to powers of private toll project entities.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 362.102, Transportation Code, is amended to read as follows:

Sec. 362.102. **COMMISSION APPROVAL OF PRIVATE TURNPIKE OR TOLL PROJECT REQUIRED.** Notwithstanding any other provision of law, a private entity may not construct a privately owned turnpike or toll project that connects to a road, bridge, or highway in the state highway system unless the commission approves the private turnpike or toll project as provided by this subchapter. *Before the commission may approve a private turnpike or toll project, the commission must hold a public meeting concerning the project in the region in which the project will be located.*

SECTION 2. Subchapter C, Chapter 362, Transportation Code, is amended by adding Sections 362.105 and 362.106 to read as follows:

Sec. 362.105. **USE OF EMINENT DOMAIN BY TOLL ROAD CORPORATION.** *Notwithstanding Section 30, Chapter 766 (H.B. 749), Acts of the 72nd Legislature, Regular Session, 1991, a corporation that has the powers, rights, and privileges of a corporation created under former Chapter 11, Title 32, Revised Statutes, as that law existed on August 31, 1991, other than a corporation to which Section 431.073(c) applies, may not exercise the power of eminent domain granted under that former law.*

Sec. 362.106. **AGREEMENT WITH TOLL PROJECT ENTITY.** (a) *In this section, "toll project entity" has the meaning assigned by Section 372.001.*

(b) *A private toll project entity may enter into an agreement with a public toll project entity to finance, construct, maintain, or operate a toll road.*

SECTION 3. Section 362.102, Transportation Code, as amended by this Act, does not affect a turnpike or toll project approved by the Texas Transportation Commission before the effective date of this Act.